

Message Text

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PAGE 01 MELBOU 00192 220646Z

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-20 NSC-10 /076 W

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FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2018

INFO AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: ETRN, AS

SUBJECT: CIVAIR: BILATERAL NEGOTIATIONS

REF: MELBOURNE 0178

SUMMARY: TALKS RECESSED FEBRUARY 22, 1974 WITHOUT AGREEMENT.
PRINCIPAL ISSUE WAS QUESTION US BEYOND RIGHTS. AUSDEL
UNWILLING AT THIS TIME MAKE ANY DEAL ON CHARTERS. SOME
PROGRESS ON USER CHARGES AND STATISTICS EXCHANGE.

1. US REPS EXPLORED INFORMALLY WITH AUS REPS POSSIBILITY OF
DEAL WITH US BEYONDS LIMITED TO FIVE BEYONDS IN SE ASIA,
INCLUDING HONG KONG WITH OPTION TO SWITCH AFTER DUE NOTICE.
AUS REPS APPEARED INTERESTED IN POSSIBILITIES BUT IN END
INDICATED THAT DETAILED EXAMINATION WOULD REQUIRE MORE TIME.
ACCORDINGLY THEY SUGGESTED RECONVENING TALKS AT LATER MUTALLY
CONVENIENT TIME EXPRESSING PRIVATE VIEW THAT THIS PROBABLY
WOULD BE AFTER THE CAB DISPOSITION OF THE PAA-AAA AGREEMENT.
THEY DID EXPRESS APPREHENSION WITH THE DEGREE OF PAA
FLEXIBILITY WITH FIVE POINTS BEYONDS. US REPS SAID
COMPETITIVE IMPACT WOULD BE LIMITED BY REASONABLE CAPABILITY
RESTRAINTS WHICH US PREPARED ACCEPT IN LIGHT HEAVY FIFTH
FREEDOM TRAFFIC. RE US INTERMEDIATES AUS REPS HAD NO
IMMEDIATE COMMENT EXCEPT TO NOTE QANTAS INTEREST IN AIR
PACIFIC.

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PAGE 02 MELBOU 00192 220646Z

2. AUS REPS ALSO INFORMALLY EXPRESSED CONCERN THAT PAA MIGHT REINSTITUTE ADDITIONAL CAPACITY TO MATCH THAT WHICH MIGHT BE DROPPED BY AMERICAN. US REPS POINTED OUT THAT US COMMITMENT ON CAPABILITY STABILIZATION WAS DIRECTED TO US TOTAL CAPACITY AND THERE WAS NO LEGAL BAR TO PAA PICKING UP ADDITIONAL CAPACITY TO US LEVEL OF SEPTEMBER 1973. AUS REPS ARGUED THAT ANY ADDITIONAL PAA CAPACITY SHOULD BE SUBJECT TO CAPACITY PROCEDURES. US REPS POINTED OUT THERE WAS NO UNDERSTANDING TO THIS EFFECT BUT IN ANY EVENT GOA SHOULD NOT HAVE PROBLEM BECAUSE PAA PLANS, SHOULD AA SUSPEND SERVICE, WERE TO INCREASE ON APRIL 6 ONE COMBINATION AND ONE ALL CARGO SERVICE WITH POSSIBLY AN ADDITIONAL COMBINATION SERVICE BY SEPTEMBER WHEN STABILIZATION SCHEME EXPIRED. GOA OF COURSE WAS FREE TO RAISE MATTER OF CAPACITY AGAIN AND US PREPARED TO LOOK AT PROBLEM AT THAT TIME.

3. AUS REPS ASKED INFORMALLY WHETHER USG COULD SAY ANYTHING ABOUT POSSIBILITY ADDITIONAL US CARRIERS BEING DESIGNATED FOR THIS MARKET. US REPS SAID THIS MATTER SHOULD BE LEFT IN ABEYANCE UNTIL CAB DISPOSED OF PAA-AA AGREEMENT.

4. IN FORMAL SESSION ON FEBRUARY 21 USDEL PRESENTED CHARTER PROPOSAL FOR TWO YEAR EXPERIMENTAL PERIOD UNDER "CAPACITY SURVEILLANCE" SCHEME RATHER THAN RIGID QUOTAS. ROUGH LIMITS OR CARRIER POSSIBILITIES WOULD BE 120 FOR EACH SUPPLEMENTAL CARRIER OVER THE TWO YEAR PERIOD. ANY UNDERSTANDING WOULD ALSO CONFIRM EXISTING SCHEDULED CHARTER ARRANGEMENTS. CHARTER WORTHINESS COULD BE DEALT WITH UNDER RULES OF ORIGIN AFTER INITIAL REVIEW OF OTHER PARTY'S RULES TO INSURE NO MAJOR PROBLEM. ALL KINDS OF CHARTERS INCLUDED ALTHOUGH PRESUMABLY NO DIFFICULTY WITH SINGLE ENTITY AND CARGO. AUSDEL ASKED MANY QUESTIONS OF STATE OF PLAY ON NORTH ATLANTIC CHARTERS AND US-ECAC RELATIONS. IN THE END HOWEVER AUSDEL SAID NOT PREPARED AT THIS TIME TO ENTER INTO ANY AGREEMENT ON CHARTERS BUT WOULD CONTINUE TO ENTERTAIN REQUESTS FROM INDIVIDUAL US CARRIERS ON THEIR PROGRAMS. USDEL EXPRESSED GREAT DISAPPOINTMENT AT AUSDEL ATTITUDE WHICH APPEARS RETROGRESSIVE STEP FROM EARLIER TALKS. USDEL URGED PROMPT AND FAVORABLE TREATMENT OF OUTSTANDING US CARRIER CHARTER APPLICATIONS.

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PAGE 03 MELBOU 00192 220646Z

5. RE USER CHARGES AUSDEL SAID HAS CONSULTED WITH EXPERTS WHO WERE PREPARED TO HAVE MEETING ON SUBJECT. US QUESTIONNAIRE, WHICH IS BILATERAL IN NATURE, WOULD BE REVIEWED AND ADDITIONAL QUESTIONS WOULD BE SUBMITTED. AT THIS TIME BOTH SIDES COULD INDICATE INFORMALLY THROUGH USCG MELBOURNE WHEN ANSWERS WOULD BE AVAILABLE FOR EXCHANGE. AFTER SUITABLE TIME FOR REVIEW OF ANSWERS MEETING OF EXPERTS COULD BE FIXED. USDEL ACCEPTED THIS APPROACH.

6. MEMORANDUM OF CONVERSATION REFLECTING RESULTS OF
NEGOTIATIONS SIGNED FEBRUARY 22, 1974. COPIES POUCHED.
FLUKER

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